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Message Text

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ACTION SS-30

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C O N F I D E N T I A L ROME 12165

EXDIS

E.O. 11652: GDS
TAGS: PFOR, OVIP (PRESIDENT LEONE), IT
SUBJECT: LEONE VISIT

REF: ROME 8857

1. THIS TELEGRAM REPRESENTS THE EMBASSY'S INITIAL CONTRIBUTION TO THE PREPARATION OF BRIEFING BOOKS FOR THE LEONE VISIT. WE ARE STILL TRYING TO OBTAIN SPECIFIC TOPICS FROM THE ITALIANS BUT THEIR PLANNING HAS BEEN INHIBITED FROM THE FACT THAT SEVERAL KEY OFFICIALS ARE STILL ON VACATION. THERE IS NO DOUBT IN OUR VIEW THAT THESE BASIC THEMES WILL BE INCLUDED AMONG THOSE WHICH THE ITALIANS WILL SUGGEST.

2. GENERAL: WE BELIEVE THE ITEMS CENTRAL TO THE VISIT OF PRESIDENT LEONE TO THE UNITED STATES ARE THE WORLD-WIDE INFLATIONARY PROBLEM AND THE ECONOMIC SITUATION IN OUR RESPECTIVE COUNTRIES; US-EC RELATIONS INCLUDING, OF COURSE, US-ITALIAN BILATERAL RELATIONS; AND THE WORLD POLITICAL SITUATION INCLUDING DETENTE, MIDDLE EAST, CYPRUS AND--OF HIGH PRIORITY IMPORTANCE--THE NATO ALLIANCE.

3. THE DEPARTMENT MAY WISH TO DRAW ON THE COMMENTS INCLUDED IN PARAGRAPH 2.A. OF ROME'S 8857 FOR BACKGROUND CONCERNING OUR OPINION OF THE LEADERSHIP WHICH PRESIDENT LEONE HAS BROUGHT TO THE QUIRINALE PALACE. IN THAT MESSAGE WE SAID LEONE SHOULD BE CONGRATUALED ON THE SUCCESSFUL EFFORT MADE IN JUNE TO HOLD TOGETHER THE FIFTH
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RUMOR GOVERNMENT IN ORDER TO CONFRONT MORE SPEEDILY THE CHALLENGES

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OF THE ITALIAN ECONOMIC SITUATION. MENTION SHOULD ALSO BE MADE
OF THE SUCCESSFUL PASSAGE IN AUGUST OF THE LEGISLATIVE ECONOMIC
PACKAGE, AND THE ITALIAN GOVERNMENT'S MORE RECENT ACTION IN
OBTAINING THE TWO BILLION DOLLAR GERMAN LOAN ON AUGUST 31.

4. ECONOMIC AND MONETARY MATTERS. THE ITALIAN SIDE WILL BE
INTERESTED IN KNOWING WHERE THE USG STANDS REAGARDING ANY POSSIBLE
FINANCIAL ASSISTANCE TO THE ITALIAN STABILIZATION EFFORT. AT THE
SAME TIME, WE DOUBT THAT ANY SPECIFIC REQUESTS WILL BE FORTHCOMING.
WE SUGGEST THAT THE ECONOMIC-FINANCIAL ISSUES BE TREATED IN A
SINGLE SESSION, TO INCLUDE U.S. VIEWS OF THE STATE OF THE U.S.
AND THE WORLD ECONOMY. WE BELIEVE THE ITALIANS WILL BE PARTICULARLY
INTERESTED IN:
  (A) USG VIEWS ON HOW TO PROCEED IN STRUGGLE AGAINST
INFLATIONARY FORCES;
  (B) THE EVOLUTION OF THE ENERGY SITUATION, WITH PARTICULAR
REFERENCE TO THE RECYCLING OF PETRO DOLLARS FROM U.S.
FINANCIAL MARKET, AND,
  (C) RELATION OF RESTRICTIVE U.S. ECONOMIC POLICIES TO
THE HEALTH OF THE WORLD ECONOMY. WE WOULD RECOMMEND
THAT PRESENTATION BE AS SIMPLE AND STRAIGHTFORWARD
AS SUBJECT MATTER PERMITS.

5. THE PRESIDENT'S COMMENTS TO LEONE SHOULD REITERATE U.S. SUPPORT
FOR EC UNITY AND THE CONTINUING DESIRE OF THE UNITED STATES FOR
CLOSE CONSULTATIVE RELATIONS, AND EXPRESS SATISFACTION THAT THE
GOI HAS CONSISTENTLY HELD THE SAME POINT OF VIEW.

6. THE ALLIANCE AND THE WORLD SITUAION. THE CENTERPIECE OF OUR
PRESENTATION TO THE ITALIANS, HOWEVER, SHOULD BE OUR VIEWS OF THE
WORLD SITUATION INCLUDING DETENTE, THE MIDDLE EAST AND CYPRUS,
AND THE IMPORTANCE WE ATTRIBUTE TO NATO AS AN ESSENTIAL GUARANTEE
TO PEACE IN EUROPE AND THE ONLY INSTRUMENT AVAILABLE TO DEFEND
EUROPE'S SOUTHERN FLANK, INCLUDING ITALY.

7. IN PREVIOUS MESSAGES WE HAVE REPORTED THE PREEMPTIVE LEFT-WING
EFFORT IN ITALY TO HINDER OR PRECLUDE ANY INCREASE IN THE ITALIAN
NATO CONTRIBUTION WHICH MIGHT BE DESIRABLE AS A CONSEQUENCE OF
GREEK WITHDRAWAL FROM THE NATO COMMAND. ALL ITALIAN POLITICAL
ANALYSIS ACCEPTS THAT ANY GREEK WITHDRAWAL FROM NATO WOULD INCREASE
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ITALY'S EXPOSURE ON THE SOUTHERN FLANK. LEFT-WING ARGUMENTS THEN
CONCLUDE THAT THE REACTION TO INCREASED EXPOSURE SHOULD BE TO
AVOID ANY INCREASED COMMITMENT TO NATO. OUR TASK IS TO EMPHASIZE
TO THE ITALIANS THE OBVIOUS: I.E., ANY LESSENING OF THE GREEK
COMMITMENT COULD INDEED INCREASE ITALY'S EXPOSURE, BUT THE REMEDY
CAN ONLY BE FOUND IN CLOSING THE BREACH, NOT RPT NOT BY PRETENDING
THE DAMAGE DOES NOT EXIST OR BY DENYING FULL ALTERNATIVE COMMITMENT
TO THE ALLIANCE CONCEPT.

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8. IN ALL LIKELIHOOD THE QUESTION OF POSSIBLE INCREASED NATO COMMITMENT WILL BE THE SUBJECT OF POLITICAL DEBATE IN ITALY WHETHER OR NOT CIRCUMSTANCES REQUIRE ITALY TO ACCEPT NEW COMMITMENTS OR HOST ADDITIONAL INSTALLATIONS. WE SHOULD MAKE EVERY EFFORT TO HELP PREPARE THE ITALIAN LEADERSHIP PSYCHOLOGICALLY FOR THIS PUBLIC AND PARLIAMENTARY DEBATE, BY STRESSING ONCE AGAIN THE IMPORTANCE OF NATO TO THE WEST, OUR FULL COMMITMENT TO NATO AS A CORNERSTONE OF OUR FOREIGN POLICY, OUR SATISFACTION WITH THE COMMITMENT THE ITALIANS HAVE ALWAYS DEMONSTRATED TO NATO (AND ESPECIALLY THE CONSISTENCY WHICH FOREIGN MINISTER MORO HAS ALWAYS DEMONSTRATED IN HIS SUPPORT FOR NATO), AND FINALLY, THE UNQUESTIONALBE DESIRABILITY OF PUTTING EVERY EFFORT INTO ANY CHALLENGE THE GOI MAY FACE ON THIS SCORE, SINCE AN ITALIAN COMMITMENT TO NATO, TO BE EFFECTIVE, MUST BE A COMMITMENT WHICH PRODUCES THE CORRECT RESPONSE IN A CONTINGENCY-NOT RPT NOT A LIMITED OR SHORT-MEASURE COMMITMENT. OUR DISCUSSIONS OF THIS SUBJECT WITH THE ITALIANS SHOULD NOT OVERLOOK THE FACT THAT ITALY'S EXPOSED FLANK MAY BE EVEN MORE SO IN THE POST-TITO ERA IN YUGOSLAVIA, AND THAT ITALY'S RESPONSE TO SUCH EXPOSURE CAN HARDLY BE EFFECTIVE OUTSIDE THE FRAMEWORK OF NATO.

9. DOMESTIC POLITICS. WE RECOMMEND THAT THE PRESIDENT REITERATE TO LEONE THE VIEW EXPRESSED BY THE SECRETARY TO HIM TO RUMOR DURING THE SECRETARY'S VISIT TO ROME JULY 5TH. THE SECRETARY NOTED AT THAT TIME THAT ANY "HISTORIC COMPROMISE" TO BRING THE ITALIAN COMMUNIST PARTY INTO THE AREA OF GOVERNMENT WOULD CAUSE THE UNITED STATES DEEP CONCERN. THE SECRETARY ALSO QUESTIONED THE ABILITY OF THE PCI TO CONTRIBUTE ANYTHING TO THE REAL NEEDS OF THE GOI IN MEETING THE IMPORTANT POLITICAL AND ECONOMIC CHALLENGES WHICH FACE ITALY TODAY. WHILE THEORETICALLY ABOVE POLITICS, LEONE IS QUITE ACTIVE AND SHOULD BE REMINDED OF OUR WISH THAT THE DC MUST REOFRM ITSELF TO CONVINCE THE ITALIAN PEOPLE THAT IT AND CONFIDENTIAL

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ITS DEMOCRATIC PARTNERS CAN EFFECTIVELY GOVERN THE COUNTRY AND NEED NOT TURN TO THE PCI FOR HELP. (COMMENT: WE BELIEVE THE TIME MAY HAVE ARRIVED WHEN WE SHOULD PUBLICLY REITERATE OUR SUPPORT FOR DEMOCRACY IN ITALY AND OUR OPPOSITION TO AUTHORITARIAN PARTIES OF EITHER RIGHT OR LEFT. CONSIDERATION SHOULD BE GIVEN TO MAKING THIS KNOWN IN AN APPROPRIATE WAY.)

10. ITEMS FOR THE SECRETARY'S TALK WITH MORO. THE SECRETARY MAY WISH TO DISCUSS MORE FULLY WITH FOREIGN MINISTER MORO:
(A) THE STATUS OF US-EC RELATIONS, PARTICULARLY WITH REGARD TO THE DIRECTION FRANCE IS HEADING UNDER GISCARD, AND THE CURRENT PROSPECTS FOR CLOSE US-EC CONSULTATIVE COOPERATION,
(B) IN THE FRAMEWORK OF OUR MUTUAL NATO COOPERATION, THE DIFFICULTIES WE HAVE HAD WITH REGARD TO THE HOMEPORTING

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OF THE USS GILMORE IN LA MADDELENA. IT WOULD BE APPROPRIATE AND USEFUL TO THANK MORO FOR ITALIAN EFFORTS TO HELP US ESTABLISH THE TENDER IN LA MADDELENA, AND THUS DIPLOMATICALLY REMIND THE FOREIGN MINISTER OF OUR DESIRE TO SEE THE GILMORE HOMEPORTING OPERATION PROCEED SMOOTHLY. WE ESPECIALLY HOPE THAT THE SUPORT OFFICE AND DEPENDENT SUPPORT FACILITIES CAN BE PLACED WITHIN THE BOUNDS OF THE BIA SOONEST,

(C) THE MATTER OF ITALIAN RATIFICATION OF THE NPT. AS THE DEPARTMENT IS AWARE, THE EMBASSY BELIEVES THAT A HIGH-LEVEL PUSH WOULD BE NECESSARY IN MOVING THE ITALIANS AHEAD TOWARD COMPLETION OF THE NPT RATIFICATION PROCESS. WE BELIEVE THIS WOULD BE AN APPROPRIATE TIME TO EXPRESS CONCERN WITH REGARD TO ITALIAN DELAY AND TO STRESS TO THE FOREIGN MINISTER THE TECHNICAL AND POLICY PROBLEMS CREATED FOR US BY THE ITALIAN FAILURE TO RATIFY NPT PROMPTLY. VOLPE

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